



RESOLUTION 2017-10

A RESOLUTION OF THE TRINIDAD CITY COUNCIL
ESTABLISHING A FISCAL RESERVE POLICY

WHEREAS, the Trinidad City Council is responsible for the fiscal management of the City; and

WHEREAS, changes in the economy, natural disasters, litigation, and the necessity of maintaining and replacing valuable City assets and infrastructures can create both expected and unexpected impacts to the City's finances; and

WHEREAS, setting aside adequate financial reserves to address emergencies, unexpected expenses, and the replacement of capital assets is an important component of prudent fiscal management; and

WHEREAS, the City Council directed the City Manager to prepare a Fiscal Reserve Policy for consideration; and

WHEREAS, research indicates that cities commonly set aside reserves ranging from 10% to 100% of annual General Fund expenses as reserves, in addition to Capital Reserves designed to fund the replacement of City infrastructure and other capital assets; and

WHEREAS, the small size of Trinidad requires reserves to be set at a larger percentage of the annual budget in order to generate reserves adequate to address emergencies, budget stabilization, special project, and capital replacement needs; and

WHEREAS, the purpose of this Fiscal Reserve Policy is to direct the establishment, maintenance, and use of Reserve Funds for the fiscal health of the City of Trinidad

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Trinidad does hereby adopt the City of Trinidad Fiscal Reserve Policy attached hereto and summarized below:

An Emergency Reserve Fund shall be established with a funding target set at 75% of the current year GF operating expenditures.

A Budget Stabilization Reserve Fund shall be established with a funding target set at 75% of the current year GF operating expenditures.

The General Fund Capital and Special Project Reserves target shall be set at a minimum of 50% of the current year GF operating expenditures, with specific targets for individual projects or assets to be adjusted in accordance with the current Council approved Capital Improvement Plan.

The Water Fund Reserve target shall be set at a minimum of 50% of the current year Water Fund operating expenditures, and will be managed in coordination with the City's current Capital Improvement Plan to provide for the long term maintenance and replacement of the Water Plant and Water Distribution System.

PASSED, APPROVED AND ADOPTED this 26th day of July, 2018 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Gabriel Adams
Trinidad City Clerk

Dwight Miller
Mayor